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C O N F I D E N T I A L SECTION 01 OF 05 BISHKEK 000051

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STATE FOR SCA/CEN

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SUBJECT: TRANSIT CENTER RENEWAL AND U.S. COMMITMENTS LOOM
LARGE IN U.S.-KYRGYZSTAN RELATIONSHIP

REF: (A) 2009 BISHKEK 1006 (B) 2009 BISHKEK 987 (C)
2009 BISHKEK 1148 (D) 2009 STATE 35762 (E)
2009 BISHKEK 1247

Classified By: Ambassador Tatiana C. Gfoeller, for Reasons 1.4 (b) and (d).

11. (U) See para 18 for action requests.

12. (C) Summary: The U.S. must inform the Government of Kyrgyzstan of its intent to renew the Transit Center agreement for another year by April 14. Since the agreement went into effect in July 2009, U.S.-Kyrgyzstan relations have improved significantly and Kyrgyzstan seems interested in further strengthening our partnership. The rise of President Bakiyev's son, Maksim, may also contribute to improving bilateral relations. There has been no indication that the Kyrgyz intend to ask for renegotiation of the current agreement. However, it is clear that they are following closely the agreement's implementation, judging not only how well we are able to meet its letter and spirit, but also how much concrete benefit Kyrgyzstan is getting from its cooperation with the U.S. We have concerns about the results of their assessments, which we highlight below. End Summary.

Traffic Jam at the Transit Center

13. (C) On the weekend of January 9-10, an increase in USG use of Transit Center Manas and a little bad luck led to Manas International Airport being temporarily over capacity. Civilian flights experienced delays and airport management exhibited frustration with the Transit Center as the operation experienced its first overload since the beginning of the force plus-up intended to move substantially more troops and equipment into Afghanistan over the coming months. The Transit Center served some 24,000 transiting coalition forces per month in 2009 and some 450 short tons of cargo. Some 30,000 personnel and 600 short tons of cargo will pass through the Transit Center this month, and it will likely remain at capacity over the next six months. The Transit Center also provides 30 percent of the air refueling over Afghanistan and may play a critical role in expanding the

Northern Distribution Network in Kyrgyzstan, serving as a base of operations for contracting and shipping.

¶4. (C) What was effectively a traffic jam at the airport illustrates several important points. First, virtually every U.S. and coalition soldier stationed in Afghanistan passes through Transit Center Manas, most of them twice. At present, there is no route which competes with Manas for transportation of military forces into battle. Second, the Transit Center at Manas, despite its excellent management and solid cooperation from the host government, can still be a bottleneck for our logistical support into Afghanistan. And third, our operations in Manas are high visibility and have the potential to create significant irritations and frustrations in Kyrgyzstan.

¶5. (C) During the first six months of the Transit Center agreement, the U.S.-Kyrgyzstan partnership has improved significantly as the Government of Kyrgyzstan moved closer to the U.S. In a matter of months, Kyrgyzstan went from its decision to close the Manas Airbase to signing the new Transit Center agreement, a very successful and public September 11 visit to the Transit Center by President Bakiyev (ref a), and the returning to the U.S. of weapons which had been seized in August 2008 by Kyrgyz uthorities (ref b). The October 2009 arrest and detention of two Embassy FSN employees (ref c) and the two month delay of the Transit Center rent payment did not derail relations. The cordial tone of the Ambassador's recent meetings with senior government officials, including with the President's son and

BISHKEK 00000051 002 OF 005

brother, have demonstrated that for now key figures in the government are interested in working with the U.S. and building a closer relationship.

¶6. (C) The rise of President Bakiyev's son, Maksim, and his allies in the government seems to have played a key role in the warming of U.S.-Kyrgyz relations. As we reported ref e, Maksim Bakiyev is very interested in seeing Kyrgyzstan's relationship with the U.S. broadened and deepened. In meetings with us he appears to be struggling to determine to what extent the U.S. might be interested in making its military presence permanent and its relationship with Kyrgyzstan closer.

Renewing the Agreement

¶7. (C) The Transit Center Agreement requires that the U.S. notify Kyrgyzstan by April 14 if it intends to renew the agreement for another year. We have received no indication from the Kyrgyz that they are looking to renegotiate the Agreement this year. However, it is clear to us that they are following very closely our compliance with its terms and with other commitments we have made, reviewing the benefits they derive from their cooperation with the U.S., and judging our long-term commitment to the region. If they decide their interests are not being served by the agreement as it stands, there is no doubt that they will open it up again. The key issues in the Kyrgyz appraisal will likely be the \$15 million quarterly payment, the construction projects at the airport/Transit Center, the air traffic control project, the Economic Development Fund, levels of continuing U.S. assistance, implementation of joint security at the Transit Center, promised counternarcotics and counter-terrorism funding, and economic benefits from contracting for both the Transit Center and the Northern Distribution Network.

Paying the Rent

¶8. (C) The first \$15 million payment came more than two months after the end of the quarter. We understand that DOD is working to make the payment for the second quarter, which ended January 14, more quickly. The Foreign Minister raised

this issue with us in numerous meetings over the past three months.

Construction at the Airport

¶9. (C) One of the great accomplishments of the team that negotiated the Transit Center Agreement was turning the \$30 million dollar ramp project, something the USG had been asking Kyrgyzstan to accept, into a deliverable seen as partial payment by the USG for use of the facilities. During his visit to the Center in September, President Bakiyev told the Transit Center Director that he wanted the ramp completed as soon as possible. Unfortunately, the tender for the ramp project was protested by the losing bidders, resulting in a delay of several months. The project is moving forward again and is in the design stage, with construction about to begin, but is behind schedule.

Air Traffic Control

¶10. (C) The U.S. Congress has appropriated \$30 million to provide a new air traffic control system for Kyrgyzstan. The USAF's Electronic Systems Command engineering team and interagency representatives who visited in August told Kyrgyz officials that they would provide a report with technical recommendations for using the funds in December. That report has not been delivered, and the Foreign Minister has asked us

BISHKEK 00000051 003 OF 005

about the status of the project.

The Economic Development Fund

¶11. (C) We are better off on the Economic Development Fund. We understand, and have reported to the Kyrgyz, that the full \$20 million has now been identified. We are discussing a structure for the management of the fund with the Central Agency for Development, Investment, and Innovation and hope to move forward with specific proposals very soon.

Assistance Levels

¶12. (C) The Kyrgyz have followed the funding of the Economic Development Fund very closely, scrutinizing the information we have provided and keeping an eye on appropriations processes in Washington, focused mostly on the issue of "additionality." Their concern with ensuring that the \$20 million for the Fund was new money is rooted in a Kyrgyz perception that under the previous agreement the U.S., by adding together its ongoing assistance programs and tying all of them to the Base Agreement, amounted to some kind of "shell game." As erroneous as this analysis may be, it clearly taints the thinking of President Bakiyev and motivates the actions of officials, such as the Foreign Minister, who must present to him the results of the current agreement. We expect that the Kyrgyz will be very tuned into assistance levels in forthcoming budgets and that they will have a strong impact on Kyrgyz perceptions of the U.S. commitment to the relationship. Currently proposed cuts of more than \$8.5 million in our USAID program for FY11 could cost us much more than they save if they precipitated a renegotiation of the Transit Center Agreement next year.

Joint Security

¶13. (C) The Kyrgyz have identified the Ministry of Interior's Internal Defense Forces as the organization tasked with providing joint security for the Transit Center. To implement joint security, the Transit Center needs a mechanism to allow it to provide services (food, for example) to the unit assigned to its security. CENTCOM has now

authorized negotiation of an Acquisition and Cross-Servicing Agreement with Kyrgyzstan, and expects to send a delegation soon to conclude such an agreement. This issue is on track.

Counternarcotics and Counter-terrorism Funding

¶14. (C) In the Transit Center Agreement the USG committed to providing \$21.5 million in counternarcotics and \$10 million in counter-terrorism funding. Over the past few weeks the Embassy has received two diplomatic notes requesting funding under these programs for two agencies and numerous contacts from other agencies, apparently orchestrated by the Ministry of Foreign Affairs, to request counternarcotics and counter-terrorism assistance. These approaches clearly targeted funding under the Transit Center Agreement commitments. At a meeting on January 15, we provided the Minister of Foreign Affairs and the Director of the Central Agency for Development with a breakdown of the expenditures already made under these programs. In fact, we have already expended more than the promised \$31.5 million on equipment and training requested by the Kyrgyz Government. We promised to consider the new requests as new funding becomes available and noted that we usually get some funding for both these purposes each year. Our interlocutors seemed satisfied with the status of this commitment. We are concerned, however, with conflicting reports that funding for both counternarcotics and counterterrorism may fall significantly

BISHKEK 00000051 004 OF 005

in FY11.

Contracting for the TC and NDN

¶15. (C) From President Bakiyev during his visit to the Transit Center, to our contacts in the Kyrgyz Parliament, to business and NGO representatives, everyone in Kyrgyzstan is interested in selling to the Transit Center and/or the Northern Distribution Network (NDN). The Transit Center has done an excellent job at expanding its purchases, especially of food, from the local economy and has earned a great deal of good press and good will as a result.

¶16. (C) The Foreign Minister has raised with us on numerous occasions his concern that the NDN is contracting with Tajiks, rather than Kyrgyz, for trucking into Afghanistan. We have been unable to obtain from the Department of Defense information on the identity and nationality of the actual carriers transporting goods from Kyrgyzstan to Afghanistan (as opposed to the international companies which serve as contractors and sub-contractors). The Foreign Minister contends that currently all the trucks traveling the route are Tajik. If we are unable to give some of this work to the Kyrgyz, that will become a serious thorn in the side of the relationship.

Transit Center and Embassy Actions

¶17. (C) The Transit Center and the Embassy have worked aggressively to deepen and broaden the bilateral relationship and to build public support for the Transit Center. The Transit Center has \$2.9 million in humanitarian assistance either provided or in the pipeline. Families and groups related to the airmen have mobilized to offer donations to counter the effects of the harsh winter months. Transit Center airmen have personally donated over \$1 million in cash and volunteer hours. Transit Center medical cooperation is making a profound difference to the Kyrgyz military and the region around the Center. The coordinated public diplomacy effort of the Transit Center and the Embassy, including such successes as Transit Center/local team basketball games and visits to the Transit Center by parliamentarians and journalists are making important inroads into the deep suspicion of the Transit Center which was the backdrop of

last year's decision to expel the U.S. Airbase.

Comment and Action Requests

18. (C) Great progress has been made over the past six months in improving the bilateral relationship and the attitude of both elites and the public toward the United States, the USG, and the Transit Center. The attitude of both the Kyrgyz government and population toward the Transit Center and the USG could perhaps best be described as positive, but still wary. The government, in particular, is actively seeking evidence of USG commitment to a long-term relationship. The more such evidence we can provide, the more secure we will be in the use of the Transit Center and in our ability to make a difference in this country. With that in mind, Post requests:

-- DOD seek to speed approval and transfer of quarterly payments under the agreement, to the extent possible.

-- DOD provide a letter from Electronic Systems Command explaining to the Kyrgyz the delay in the air traffic control system report and estimating the date by which it will be prepared.

-- DOD provide information on contracting for transportation

BISHKEK 00000051 005 OF 005

in Kyrgyzstan under the NDN to dispel Kyrgyz concern that they should see benefit from their agreement to transit.

-- State seek to ensure that U.S. assistance levels not fall significantly in 2011.

-- State and DOD seek opportunities for high-level visits or meetings with Kyrgyz officials.

We also recommend that the USG submit its request for extension of the current Agreement as soon as possible, as the current good mood augurs well for a positive response.
GFOELLER